



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

REPORT OF THE AUDIT DIVISION ON THE EYSTER FOR CONGRESS COMMITTEE

I. Background

A. Overview

This report is based on an audit of the Eyster for Congress Committee ("the Committee") undertaken by the Audit Division of the Federal Election Commission in accordance with the Commission's audit policy to determine whether there has been compliance with the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The audit was conducted pursuant to Section 438(a)(8) of Title 2, of the United States Code, which directs the Commission to make from time to time audits and field investigations with respect to reports and statements filed under the provisions of the Act.

The Committee registered with the Federal Election Commission on March 11, 1976, in support of John C. Eyster, a candidate for the office of United States Representative from the 5th Congressional District of Alabama. The Committee maintains its headquarters in Decatur, Alabama.

The audit covered the period from February 25, 1976, the inception date of the Committee, through July 14, 1976, the final coverage date of the current report filed by the Committee at the time of the audit. During the period the Committee reported a beginning cash balance of \$-0-, total receipts of \$202,856.20, total expenditures of \$202,856.20, and a closing cash balance of \$-0-.

This audit report is based on documents and working papers which support each of the factual statements. They form part of the record upon which the Commission based its decisions on the matters in the report and were available to Commissioners and appropriate staff for review.



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B. Key Personnel

The principal officers of the Committee were O. Z. Gillespie, Chairman and J. A. Tucker, Treasurer during the period covered by the audit.

C. Scope

The audit included such tests as verification of reported receipts and expenditures and individual transactions; review of required supporting documentation; analysis of Committee debts and obligations; and, such other audit procedures as deemed necessary under the circumstances.

II. Auditor's Statement and Description of Findings

It is the opinion of the Audit staff, based upon examination of the reports and statements filed and the records presented, that, except for the deficiencies noted below, the reports and statements of the Eyster for Congress Committee fairly present the financial activities of the Committee for the period covered by the audit. Further, except as noted below, no material problems in complying with the Federal Election Campaign Act were discovered during the course of the audit.

A. Preservation of Receipted Bills

Section 432(d) of Title 2 of the United States Code, requires the treasurer of a political committee to obtain and keep a receipted bill stating the particulars for every expenditure made in excess of \$100 in amount, and for any such expenditure in a lesser amount, if the aggregate amount of such expenditures to the same person during a calendar year exceeds \$100.

Part 102.9(c)(4) of the Commission's Regulations, states that when a receipted bill is not available, the treasurer may keep: (i) the cancelled check; and (ii) the bill, invoice or other contemporaneous memorandum to support the expenditure.

Our examination of the Committee's records revealed that the Committee did not obtain and keep supporting documentation for 41 (26.8%) of 153 expenditures, each in excess of or aggregating in excess of \$100. These 41 expenditures totaled \$36,919.80, which represented 19.95% of the dollar amount (\$185,060.20) of expenditures requiring documentation. The Committee submitted adequate documentation for the 41 expenditures on February 14 and 17, 1978.

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Recommendation

The Audit staff recommends no further action be taken on this matter.

B. Disclosure of Expenditures

Section 434(b)(9) of Title 2 of the United States Code, requires a political committee to disclose the identification of each person to whom expenditures have been made by such committee aggregating in excess of \$100 during the calendar year, together with the amount, date and purpose of each such expenditure.

During the course of the audit, it was determined that the Committee failed to itemize 22 (14.38%) of 153 expenditures aggregating in excess of \$100. These 22 expenditures totaled \$2,847.57 and represented 1.54% of the dollar value of itemizable expenditures which totaled \$185,060.20. The Committee had no explanation as to why these expenditures were not itemized but agreed to file an amendment itemizing the 22 expenditures as required. The amendments were filed by the Committee on March 30, 1978.

Recommendation

The Audit staff recommends no further action on this matter.

C. Disclosure of Contributor Information

Section 434(b)(2) of Title 2 of the United States Code, requires a committee to disclose the full name and mailing address, occupation and principal place of business of each person who has made one or more contributions within the calendar year in an aggregate amount in excess of \$100, together with the amount and date of such contributions.

Section 100.12 of the Commission's Regulations, in part, defines "principal place of business" as the full name of the business and the city and state in which the contributor is employed or conducts business.

During the course of the audit, it was determined that there were 240 contributions which were required to be itemized on the Committee's reports. Most of the contributors itemized on the reports disclosed only the city and state for both the contributor's mailing address and the principal place of business. However, after we made adjustments for those towns not reasonably expected to have a street address, the review revealed:

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1) 128 (53.33%) of the 240 contributions did not have the name of the employer as part of the principal place of business.

2) 55 (22.92%) of the 240 contributions had an incomplete mailing address (only city and state).

The Treasurer stated that the Committee had representatives in various communities soliciting and receiving contributions. The Committee representatives turned in the proceeds to the Committee headquarters, but the required contributor information was sometimes missing. When asked what methods the Committee employed to obtain this missing information, the Treasurer stated it was requested from the Committee representative who turned in the contribution. If the representative did not have the contributor information, no further means were employed to obtain the required information. The Committee was advised to obtain the missing contributor information and agreed to file an amendment disclosing the required information.

Subsequent to our fieldwork, the Committee filed an amendment which disclosed the employer as part of the principal place of business for 119 of the 128 (92.97%) contributors that did not have a complete principal place of business. Although the amendment disclosed a complete mailing address for only two (2) of the 55 (3.64%) contributors which had incomplete mailing addresses, the amending of the principal place of business for the 119 contributions above resulted in a mailing address for 34 of the 55 (61.82%) contributions which lacked a complete mailing address.

Recommendation

Based on the Committee's efforts outlined above, the Audit staff recommends that the Commission determine that the Committee has used its best efforts to comply with Section 434(b)(2) and that no further action be taken on this matter.

D. Other Matters

It was determined during the course of the audit that an aggregate year-to-date total was missing for 117 contributions, where the contributor had made a previous contribution. This matter was discussed with the Committee Treasurer who stated that there was no formal system for the aggregation of contributions. He stated that he did trace a contribution received through the records to insure that excessive contributions were not accepted (there were none). However, the aggregate totals were never recorded in the Committee's records. We advised the Committee that for future reference this information should be included on the Committee's reports to the Commission, but that no further action need be taken in this case.

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CONGRESSIONAL AUDIT REPORT

Candidate/Committee: John Eyster / Eyster for Congress Committee

State: Alabama

District: 5

Location: Huntsville

Political Party Affiliation: Democrat

Major Opponent(s):
Ronnie Flippo (D) Robert Potts (D)
John Eyster (D) Gene McLain (D)
Jyles Machen (D) Lynn Greer (D)

Other Candidates Audited: Flippo Potts
 Eyster McLain
 Machen Greer

Votes Cast: General Election - Flippo - Unopposed

Primary Election -	Flippo	25,343	Potts	14,553
	Eyster	22,456	McLain	11,679
	Machen	17,059	Greer	5,283

Total Receipts for Period: \$202,856.20

Total Expenditures for Period: \$202,856.20

First Elected (if applicable): N/A

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